

STATE OF IDAHO NOTICE OF SALE OF OIL AND GAS LEASES

NOTICE IS HEREBY GIVEN that the State Board of Land Commissioners of the State of Idaho, pursuant to IDAPA 20.08.16.000 through 20.08.16.121, 1993 compilation, and the rules promulgated thereunder, will offer oil and gas leases for sale to the highest bonus bidder at public auction, to be held Tuesday, March 27, 2007, at 9:30 a. m. in the downstairs conference room of the Idaho Department of Lands office, 954 West Jefferson St., Boise, Idaho.

Tract descriptions covering mineral ownership by the State of Idaho on lands located in the counties of Bonneville and Jefferson in the State of Idaho, as well as additional information concerning the lease auction, can be obtained by writing the Idaho Department of Lands, P. O. Box 83720, Boise, Idaho 93720-0050 or telephoning (208) 334-0231.

**BUREAU OF SURFACE AND MINERAL RESOURCES
STATE OF IDAHO
DEPARTMENT OF LANDS
BOISE, IDAHO**

NOTICE OF OIL AND GAS LEASE AUCTION

Notice is hereby given that the Board of Land Commissioners of the State of Idaho, pursuant to IDAPA 20.03.16.000 through 20.03.16.121, 1993 compilation, and the regulations promulgated thereunder, will offer oil and gas leases on state land and state reserved mineral land in the Counties of Bonneville and Fremont, in the State of Idaho, for sale to the highest bonus bidder at public auction to be held in the downstairs conference room of the Idaho Department of Lands office, 954 West Jefferson St., Boise, Idaho, on March 27, 2007, on the tracts described herein. The auction will begin at 9:30 a.m.

1. No applications have been submitted for the attached tract list for the purpose of establishing a priority in time. In the absence of a bid at the auction for any particular tract, the applicant who is first in time shall be awarded the lease for a rental of \$1.00 per acre.
2. A \$25.00 non-refundable application fee must accompany those applications for the purpose of establishing a priority in time. **No** applications will be accepted after March 12, 2007, for this auction.
3. If no application for a particular tract is timely filed and in the absence of any bids for such tract at the auction, that tract will be offered on an over-the-counter basis on Monday, April 2, 2007, to the first qualified applicant. This tract offering period shall close October 1, 2007.
4. Any applications received by the department over-the-counter or by mail between April 2, 2007 and October 1, 2007, which are date stamped the same day shall be considered as simultaneous filings and shall be resolved by competitive bidding at an auction with the date and time to be established by the director.
5. Any person who is submitting an application and/or is bidding for an applicant must submit a Power of Attorney or Designation of Agent form. Power of Attorney or Designation of Agent form will be accepted any business day prior to the date of the auction. On the auction date, bidders that are bidding for an applicant **must** submit a Power of Attorney or Designation of Agent form at the time of registration, provided forms have not been submitted in advance.
6. Any person who will be bidding at the auction must register in advance. This registration period will be during regular business hours (8:00 a.m. to 5:00 p.m.) from March 16th, thru March 26th, 2007, at the Idaho Department of Lands office at 954 West Jefferson St. and from 8:00 a.m. to 9:30 a.m. on March 27, 2007, at the auction location.
7. A \$10.00 bid fee is required unless the bidder has submitted an application with fees as set forth in provision 1 and 2 of this notice.
8. Bidding will be by cash bonus bid at oral auction with the minimum opening bid of \$0.25 bonus per acre. Bidding increments thereafter shall be a minimum of \$0.25 per acre. The cash bonus bid shall be the number of dollars bid multiplied by the number of acres in the offered tract.
9. NOTE: A \$25.00 application fee must be remitted for each tract won, prior to leaving the auction.
10. Successful bidders shall submit signed, completed applications for each tract awarded to them within ten (10) business days after the auction (April 10, 2007), provided an application has not been previously filed.
11. Payment of the bonus bid plus the first annual rental of \$1.00 per acre must be remitted within ten (10) business days after the auction for each tract awarded to the successful bidder, (April 10, 2007).

12. Payment of the pro-rata share of the cost of advertising must be remitted with ten (10) business days after the auction, (April 10, 2007). Successful bidders shall receive a billing for this amount.
13. All payments and/or correspondence are to be mailed to:

Idaho Department of Lands
954 W. Jefferson St.
P O Box 83720
Boise, ID 83720-0050
14. The director of the Idaho Department of Lands reserves the right to withdraw tracts prior to the date of the auction.
15. The director of the Idaho Department of Lands reserves the right to reject any and all bids at any time before a lease is issued.
16. If the state does not own the surface of the tract offered at auction, the successful lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to the Idaho Department of Lands.

LEASE INFORMATION

The lease form may be examined at the Idaho Department of Lands office and shall reflect the following rates and special provisions:

RENTALS:

First year of the primary term shall be \$1.00 per acre plus the bonus bid per acre.

Second through fifth year of the primary term shall be \$1.00 per acre per year.

Sixth through tenth year of the secondary term shall be \$1.00 per acre per year plus \$1.00 per acre per year delayed drilling penalty, provided the lessee has not performed diligent exploration.

Leases extended into the eleventh year and/or longer shall be \$3.00 per acre per year. Provided the lease is in production this rate shall be \$1.50 per acre per year.

Royalty rates are set pursuant to Rules for Oil and Gas Leases on Idaho State Lands, Rule 45, for this sale, and shall be twelve and one-half percent (12½%) of the oil and/or gas produced and saved.

MARCH 27, 2007 OIL & GAS AUCTION TRACT LIST

BONNEVILLE COUNTY

Tract	TWP	RGE	SEC	LEGAL	OWNERSHIP	ACRES
1	3N	34E	16	E $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$	PS	240
2	3N	34E	36	NE $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$,	PS	320
3	3N	35E	16	ALL	PS	640
4	3N	35E	36	N $\frac{1}{2}$, SW $\frac{1}{4}$	PS	480

JEFFERSON COUNTY

5	4N	34E	36	ALL (except N $\frac{1}{2}$ NW $\frac{1}{4}$)	PS	560
6	4N	35E	16	ALL	PS	640
7	4N	35E	36	S $\frac{1}{2}$	PS	320
8	4N	36E	16	ALL	PS	640
9	4N	36E	36	ALL	PS	640
10	4N	37E	16	Lot 1	PS	31.50
10	4N	37E	32	E $\frac{1}{2}$	PS	320
11	4N	37E	33	ALL	PS	640
12	4N	37E	36	Lot 2, Lot 3	PS	46
13	5N	34E	36	ALL	PS	640
14	5N	35E	16	ALL	PS	640
15	5N	35E	36	ALL	PS	640
16	5N	36E	16	ALL	PS	640
17	5N	36E	36	NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$	PS	520
18	5N	37E	16	N $\frac{1}{2}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$,	PS	480

19	5N	37E	35	S½SW¼	PS	80
20	5N	37E	36	SE¼SW¼,	PS	40
21	6N	36E	3	Lot 4, 6, 7, 8, 9, 12, 13, 14, 15, SW¼NW¼, SW¼,	PS	406.16
22	6N	36E	4	Lot 1, S½N½, S½,	PS	519.16
23	6N	36E	8	E½	PS	320
24	6N	36E	9	ALL	PS	640
25	6N	36E	10	Lot 2, 3, 4, 5, 8, 9, 10, 11, W½	PS	474.57
26	6N	36E	15	Lot 2, 3, 4, 5, 8, 9, 10, 11, W½, SW¼SE¼,	PS	537.26
27	6N	36E	16	ALL	PS	640
28	6N	36E	17	ALL	PS	640
29	6N	36E	18	NE¼, S½	PS	480
30	6N	36E	19	Lot, 5, 7, 9, 11	PS	85.79
31	6N	36E	20	Lot 1, 3, 5, 7	PS	77.09
32	6N	36E	21	N½NE¼, Lot 1, 2, 5, 7	PS	184.33
33	6N	36E	22	W½NE¼, W½, SW¼SE¼, Lot 10, 11, 15, 16, 17,	PS	625.62
34	6N	36E	23	NW¼SW¼	PS	40
35	6N	36E	36	ALL	PS	640
36	6N	37E	16	ALL	PS	640
37	6N	37E	26	ALL	PS	640
Total						16,787.48